

Behavioral economics and bounded rationality

**ECTS : 3**

**Description du contenu de l'enseignement :**

The objective of the course is to present the most important themes in behavioral economics.

- Reference-dependent utility, with and without risk
- Probabilistic judgement and the treatment of information
- Time preferences
- Attention and inattention
- Social preferences

The course itself will focus on models and their empirical validity.

By choice, the course will not be principally about experimental protocols - yet protocols are explained occasionally - but rather on main ideas, results, and debates.

The diverse applications will be treated all along.

**Compétence à acquérir :**

The topic has reached a certain degree of maturity and it is part of an aspiring economist culture. After attending the classes, the students will be able to read the cutting-edge research on the topic. Given the variety of ways by which standard (non behavioral) models can be tweaked, the course is not intended to promote a particular view, but to help would-be modelers to better motivate their choices.

**Mode de contrôle des connaissances :**

- MCQs all along the classes (30%).
- Final written exam (70%).

**Bibliographie, lectures recommandées :**

Highly recommended for the fascinating and lively excursion across almost all topics: Daniel Kahneman's 2011 book, *Thinking Fast and Slow*.

The main reference is the *Handbook of Behavioral Economics*, Elsevier, 2018 and 2019. All chapters are dense. Some of them are heavily used for the lectures.

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